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THE Poultry and Egg SITUATION

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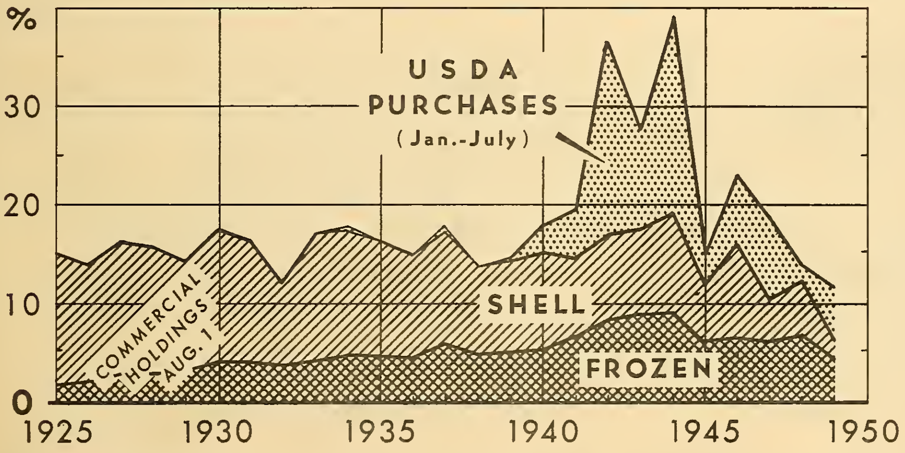
EGGS IN STORAGE

Commercial Stocks and U S D A Purchases as a Percentage of Jan.-July Farm Production



U. S. DEPARTMENT OF AGRICULTURE NEG. 47443-XX BUREAU OF AGRICULTURAL ECONOMICS

The decline in commercial egg storage in recent years is due in large measure to the generally narrowing spread between springtime egg prices and peak fall prices. This spread is being reduced by the increased production of eggs in the fall, and also, since 1941, by the large purchases of the Department of Agriculture. During the war, Government purchases were made to fill overseas needs, but foreign demands have diminished and in the last 2 years Government purchases have been made solely for price support.

The Poultry and Egg Situation at a Glance

Item	Unit	Month	Average 1938-47	1948	1949	Month	Average 1938-47	1948	1949	Comments on current situation
					Eggs					
Farm production	Mil. doz.	Sept.	250.3	293.0	298.0	Oct.	232.0	291.4	312.4	October higher than September for second time in history.
Average number of layers on farms	Million	do.	297.1	305.1	308.8	do.	328.3	339.9	348.1	
Rate of lay per hen	Number	do.	10.1	11.5	11.6	do.	8.4	10.3	10.8	
Apparent civilian per capita disappearance	do.	do.	26.6	30.2	28.3	do.	26.8	31.4	28.8	
Frozen egg production	Mil. lb.	do.	---	3.9	5.4	do.	---	1.7	3.7	
Dried egg production	do.	do.	---	3.9	1.8	do.	---	2.4	0.9	
Prices received by farmers	Ct. per doz.	Oct.	37.6	54.7	51.4	Nov.	39.4	58.3	47.1	Sharply down from early fall peak.
Prices received by farmers as a percentage of parity	Percent	do.	90	88	92	do.	88	86	77	
Retail price (BAE)	Ct. per doz.	Sept.	47.0	70.7	72.9	Oct.	51.1	76.6	72.6	
Egg-feed ratio	Lb. feed	Oct.	15.0	14.9	15.1	Nov.	16.0	16.2	14.2	For the month, less favorable than average.
Stocks:										
Shell	1,000 cases	do.	5,081	3,290	810	do.	3,185	1,685	497	Approaching seasonal low points
Frozen	do.	do.	5,445	5,359	3,239	do.	4,551	4,514	2,575	
Dried	Mil. lb.	do.	---	27.2	69.4	do.	---	28.2	70.1	Practically all government owned
Chicks hatched by commercial hatcheries	Million	Sept.	30.3	44.5	53.1	Oct.	31.1	46.8	62.7	
Potential layers on farms	do.	Oct.	521.8	501.5	517.8	Nov.	490.6	465.7	479.3	
Hens and pullets of laying age	do.	do.	312.4	322.7	329.4	do.	344.4	357.1	366.8	
Pullets not of laying age	do.	do.	209.4	178.8	188.4	do.	146.3	108.6	112.5	
Farm price of poultry ration	Dol. per cwt.	do.	2.60	3.68	3.40	do.	2.59	3.59	3.31	
					Poultry					
Prices received by farmers for chickens	Ct. per lb.	Oct.	20.9	29.9	23.2	Nov.	19.9	29.3	23.1	Holding steady
Prices received by farmers as a percentage of parity	Percent	do.	111	105	85	do.	106	104	84	
Retail price of chickens (BAE)	Ct. per lb.	Sept.	38.3	57.5	54.2	Oct.	40.8	59.3	51.4	
Prices received by farmers for turkeys	do.	Oct.	25.9	42.7	33.8	Nov.	26.8	46.1	34.4	
Stocks:										
Poultry, excluding turkeys	Mil. lb.	do.	106.1	93.2	96.9	do.	143.0	120.6	135.0	
Turkeys	do.	do.	18.7	15.1	35.5	do.	29.2	34.0	74.9	Stocks doubled during October
Chicken-feed ratio	Lb. feed	do.	8.2	8.1	6.8	do.	8.0	8.2	7.0	
Turkey-feed ratio	do.	do.	10.1	11.6	9.9	do.	10.6	12.8	10.4	Near average
Average weekly receipts of poultry at Central Western Primary Markets, per plant	1,000 lb.	Sept.	33.0	29.3	35.5	Oct.	36.7	30.3	36.1	
Average weekly placements of chicks in 7 broiler areas	Million	do.	---	3.7	5.3	do.	---	4.5	6.5	

THE POULTRY AND EGG SITUATION

Approved by the Outlook and Situation Board, November 29, 1949

SUMMARY

Egg prices reached the 1949 seasonal peak in September, one or two months earlier than in most recent years. The average price received by farmers for eggs in mid-November, 47.1 cents per dozen, was 11.2 cents lower than the November 1948 price and 5.4 cents below the September peak of this year. Prices of eggs will continue to drift lower through the flush season of egg production in the first half of next year.

Prices in the spring of 1950 probably will be less than in 1949, not only because of the expected increase in production over the year before, but also because new agricultural legislation has made eggs a "non-mandatory" commodity, for which even maximum support in 1950 will be at a point under the 1949 support level. Prices for 1950 egg futures, which are already being traded, reflect an expectation of lower prices.

A record October egg production contributed to the unusual decline of egg prices during October and November, and production is continuing at a high rate. The output not only exceeded that of previous Octobers, but was 5 percent larger than the September production. In all previous years except 1947, October production had been smaller. However, high October production continues past trends towards earlier fall production.

November sales of turkeys from farms probably were at their seasonal peak. Peak sales of chickens from farms probably occurred in either October or November. The seasonally heavy movement of both went to storage as well as to the holiday trade. Storage stocks of all poultry, which on November 1 were 36 percent larger than last year, are increasing seasonally but in total are 12 percent under the 5-year average. Turkey stocks, taken separately, are a near-record for the season. Prices of both turkeys and chickens are sharply under last year, but little different from the levels of the past few months.

Seasonal Peak of Wholesale Egg Prices Reached in September

Prices of the wholesale grades of eggs in the principal metropolitan markets were firm during most of September. In the New York and Chicago markets prices for the commonly quoted grades of eggs reached their seasonal peaks in mid-September, at about the same time that October futures were at their peak. After declining during the last 10 days of September both New York and Chicago wholesale prices recovered somewhat; another decline began in both markets on October 21, and fresh egg prices continued to fall at wholesale in both cities until the end of the month. For large Extras in New York, the decline from October 20 through 26 was 12 to 15 cents per dozen, and in Chicago the drop for the same grade from October 20 through October 27 was 11 1/2 to 16 cents. Part of these losses were regained in early November, but in view of seasonal production increases it is not likely that prices in the remaining weeks of 1949 will again approach the highs already recorded.

These downturns in egg prices are responsible for the increase in weekly offerings of dried egg to the Government, which is continuing purchases through December under the 1949 price support program. Net offerings in the 5 weeks beginning October 24 averaged 287 thousand pounds, against a weekly average of 133 thousand pounds in the 7 weeks immediately prior. Total purchases (net after cancellations) to November 26 from January 1, 1949 are 60.6 million pounds. The disposition through October 1 of these purchases and the initial inventory is shown in table 5, page 14.

Farm egg prices since September have been declining from their season.peak at a slower rate than wholesale prices for specific grades. As a U. S. average, prices to producers were 47.1 cents per dozen in November, compared with 51.4 cents in October and 52.5 cents in September. The seemingly gradual decline of farm egg prices follows partly from the seasonally changing composition of farm egg marketings, with respect to both size and quality of the individual eggs. Average farm egg prices this fall have been slightly lower than the September-November average in either 1947 or 1948, but higher than any other year since 1920.

October Egg Production a Record; Exceeds Last Year in Every Region

Egg production in both September and October set records for the respective months. For the second time since records were begun in 1925, October egg production exceeded output in the preceding month. The 3,749 million eggs produced on farms in October 1949 were 5 percent more than the September 1949 production. The only other year that October production exceeded September was 1947, when the increase was 2 percent.

The increased production this October, as compared with September, probably helps explain the fact that egg prices were lower in October than in September, contrary to usual experience. However, in 1947, the other year when October production exceeded September, farm egg prices rose seasonally in the time between the two monthly price reports.

A record high October rate of lay and a laying flock larger than either a month or a year earlier combined to provide the record high egg production for the month. In table 1 this year's October production, rate of lay, and laying flock size are compared with previous performances, and the major influence of increases in rate of lay is clearly indicated. In 8 of the past 10 years, the successive October rates of lay have been records. In 1949, the percentage increase from September to October in numbers of layers in farm flocks was the highest ever recorded, and the relative seasonal decrease in egg production per hundred layers was a record low.

Regional differences from a year ago in October egg production are fairly consistent; production exceeded that of a year ago in all areas, and the October rate of lay (in every region a record for the month) likewise exceeded last year in all areas. Moreover, in comparison with the previous month rather than the previous year, the differences by regions in October egg output offer further evidence regarding the current trend toward an earlier occurence of the low point in fall egg production. Table 2 which shows monthly fall egg production by regions, demonstrates that in the Northeast, September has been the low month for fall production for several years, that this has also been the case in some other regions (though for fewer years) and that a trend toward the same situation is apparent in the remaining regions. Incidentally, in the Northeast, late summer production -- in August -- has in recent years been even lighter than in September.

On November 1, 1949, the number of potential layers (including pullets not yet of laying age) was 3 percent larger than last year. The number of pullets not yet of laying age was 4 percent larger. These comparisons indicate the extent by which the laying flock on January 1, 1950 is likely to exceed the flock of a year earlier. The numbers of layers that will be kept in the first six or eight months of 1950 will be largely influenced by the numbers available on January 1, although culling and death rates also will be important factors.

Table 1.- September and October egg production and related factors, 5-year averages 1925-44, annual 1945 to date

Period or year	Total egg production on farms		Layers on farms during month		Eggs per 100 layers	
	September	October	September	October	September	October
	Million	Million	Million	Million	Number	Number
1925-29	2,401	1,863	284	303	844	614
1930-34	2,265	1,817	267	287	848	633
1935-39	2,270	1,951	251	274	905	711
1940-44	3,048	2,783	303	336	1,003	828
1945	3,425	3,154	323	357	1,060	883
1946	3,296	3,192	312	345	1,058	925
1947	3,362	3,433	315	349	1,068	984
1948	3,516	3,497	305	340	1,153	1,029
1949	3,576	3,749	309	348	1,158	1,077

Table 2.- Monthly fall egg production on farms by regions, 1940 to date

Year	North Atlantic			East North Central			West North Central			South Atlantic		
	Sept.	Oct.	Nov.	Sept.	Oct.	Nov.	Sept.	Oct.	Nov.	Sept.	Oct.	Nov.
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
1940	420	387	389	544	497	448	659	551	410	216	188	160
1941	437	435	456	582	550	505	728	622	506	226	205	179
1942	477	490	524	629	572	581	847	712	650	244	225	196
1943	537	525	547	654	584	578	945	825	714	272	245	213
1944	581	601	609	699	654	631	981	878	801	294	267	234
1945	542	564	595	675	637	640	974	843	795	291	263	230
1946	548	581	618	671	660	671	946	886	881	276	257	237
1947	633	691	693	676	730	732	898	894	867	282	259	222
1948	620	668	712	710	738	773	993	940	929	283	267	243
1949	671	760		695	770		958	977		296	297	

Year	South Central			Mountain			Pacific			United States		
1940	428	381	288	90	78	60	136	190	170	2,553	2,272	1,925
1941	472	416	314	91	81	68	206	198	183	2,742	2,507	2,211
1942	536	477	397	106	90	75	213	213	205	3,052	2,779	2,628
1943	572	529	435	115	99	84	240	226	214	3,335	3,033	2,785
1944	619	570	456	127	111	95	255	243	228	3,556	3,324	3,054
1945	503	511	412	117	104	90	233	232	222	3,425	3,154	2,984
1946	518	480	400	110	100	86	227	228	223	3,296	3,192	3,116
1947	517	494	395	112	109	95	244	256	255	3,362	3,433	3,264
1948	536	511	429	115	111	104	259	262	266	3,516	3,497	3,456
1949	541	522		114	113		301	310		3,576	3,749	

Trading Opens in 1950 Egg Futures; Chicago Prices Lower than in 1949, but Difference in Base Grade Bars Precise Comparison

Trading in contracts for September 1950 delivery of eggs (#2 Refrigerator Extras) was begun on the Chicago Mercantile Exchange on November 1, 1949. The contract closed its first day at 42.50 cents per dozen, and from then through November 29 its prices at the daily closes drifted downward to close at 40.25 cents per dozen on the latter date. The nearest comparable 1949 contract (October) went as high as 56.75 cents during its life, and was settled at 53 cents.

The basic grade standard for contracts in the fall of 1950 was changed from the base grade applying to 1949 contracts. For September 1950 through January 1951 the basis is 40 percent A's in refrigerator eggs, while the contracts for refrigerator eggs through January 1950 are traded on the basis of 60 percent A's. A means of comparing the prices of the earlier and later contracts is provided, however, by the allowances which the exchange stipulates for the delivery of eggs below the 1949 base grade. For delivery against 1949 storage egg contracts, packs of eggs containing 40 percent A's are acceptable with an allowance of 8 eggs per case, compared with the acceptance at par, of packs containing 60 percent A's. If this allowence or discount, amounting to slightly over 2 percent, is accepted as an indication of the difference in value between the two qualities, it is apparent that the discrepancy in the grade description is not great enough to be the sole explanation of the price difference between this year's and next year's contracts. Among the additional factors are the belief that there will be an ample egg supply in 1950 during the into-storage season as well as in the fall, and the fact that even maximum support prices in 1950 will be under the levels which were supported in 1949.

The price history of the 1949 contract (October) which is most nearly comparable to the September 1950 contract, is discussed on page 9.

Turkeys Marketed for Holidays; Price Under Last Year; Storage Stocks up

The 1949 turkey crop, 29 percent larger than output in 1948, is moving to the holiday markets and to storage at prices that are sharply lower than a year ago. At 34.4 cents per pound (live) in mid-November, the average price received by farmers was 25 percent under the 46.2 cents received a year ago, and 2.8 cents lower than the 5-year average price for November of 37.2 cents. Wholesale prices for dressed birds in New York City are also down from last year, by about the same percentage as farm prices.

Although the U. S. average prices of turkeys in November and the two months immediately preceding were respectively 99, 98 and 99 percent of parity, offerings have been made to the Government under the turkey support program which provides paying prices equivalent to about 90 percent of parity. Through November 26, purchases have totaled 726 thousand pounds.

During October, cold storage stocks of turkey increased by 39 million pounds, to reach a total of 75 million pounds on November 1. The November 1949 stocks were the second largest in history, exceeded only in 1946 when the record 1945 turkey crop was the source of the storage holdings. Usually, frozen turkey stocks increase through January, reaching a peak on February 1.

Chicken Prices Steady in November
Storage Stocks Increase Seasonally

There has been little change in the past few months in the general level of prices received by farmers for chickens. While the volume of marketings of farm-produced chicken is still heavy, the movement has probably passed its seasonal peak. Storage stocks probably will continue to increase, but the net in-movement may not be as heavy as in October, when 30 million pounds of poultry exclusive of turkeys and ducks were added to freezer stocks.

At 23.1 cents per pound in mid-November, the average price received by farmers for chickens was little different from the average prices received in the 3 months immediately preceding. In August 1949 the price was 25.1 cents, in September 24.4 cents, and in October 23.2 cents. In recent months prices of commercial broilers in some markets have been less steady than this average would indicate, however. On the Del-Mar-Va Peninsula, for example, the weekly average price to broiler producers varied between August and mid-November within the range of 24.8 to 31.3 cents. On November 28 the price most commonly paid on the Peninsula was about 26 cents per pound. Currently, both the U. S. average price for chickens and the Del-Mar-Va broiler price are about 20 percent under the levels which prevailed a year ago and respectively 30 and 20 percent below peaks reached earlier in 1948.

U. S. storage stocks of frozen poultry, exclusive of turkeys and ducks, were 126 million pounds on November 1. This represents an increase over the months immediately preceding, and is a part of the seasonal pattern which usually brings holdings to a peak about January 1. While present storage holdings of poultry excluding turkeys and ducks are 12 percent larger than last year's stocks, they are 27 percent smaller than the average November holdings for the five years 1944-48.

Chicago Egg Futures Trading Suspended
for October 1949 Contracts;
Settlement Price Established

On October 11, 1949, the Board of Governors of the Chicago Mercantile Exchange, ruled that after the opening of the market on October 13, trading in 1949 October eggs be limited to closing out existing contracts. Trading in this contract without the above restriction would ordinarily have continued until October 24, 1949. At the same time, margin requirements were increased.

The Board of Governors further ruled on October 14 that trading in the October 1949 contract be ended and that a settlement price at 53 cents a dozen be fixed.

On October 17, the Board of Governors adopted a final ruling affecting the October 1949 contract. This provided that any clearing member desiring to make delivery on October egg contracts after October 24 had to notify the clearing house of the Exchange of his intention to deliver, and to furnish satisfactory evidence of his ability to do so. All short contracts in the October future for which delivery was not planned would be offset against longs at the close of business on October 24, at the settlement price of 53 cents as fixed on October 14.

The deliverable grades of eggs on the October 1949 future were U. S. Refrigerator Extras of various qualities, with 60 percent A's the basic grade. Fresh eggs are also acceptable for delivery on refrigerator contracts, but their delivery is seldom economically practical because no premium is allowed for such deliveries.

At the close of the market on October 11, 1949, when the initial Exchange action was taken, there were 1,207 open contracts (480 cases each) in the October future. On October 14, when trading in the October contract was suspended, there were 985 open contracts. By the close of the market on October 24, (after which date contracts not yet closed out were to be settled by delivery), 34 contracts for October were open. By October 27, the 34 contracts were delivered, thereby completely closing out the October contract.

The price history of the October 1949 egg contract shows a steady rise from the beginning of trading in November 1948 until about mid-September 1949, when the price was at a peak. After mid-September, the course of prices was erratic. During the first week in which the contract was traded, in November 1948, the price averaged 45.50 cents a dozen (daily closes). From then on it rose fairly steadily to 56.05 cents, the average for the week ended September 16, 1949. From September 16 until October 5, the October future price declined, closing at 50.50 cents on the latter date. After October 5 the price advanced, reaching 54.50 cents at the time trading was suspended on October 14.

The price record of the October future in relation to other refrigerator futures contracts for deferred deliveries showed that the premium of the October relative to other contracts widened steadily. As an example, on September 1 the premium of October over November was 2.65 cents per dozen; by October 14, when trading was suspended, this premium had increased to 7.30 cents a dozen.

Table 7 shows the statistical position of the October contract at various times during its life.

EGGS AND POULTRY IN THE AGRICULTURAL ACT OF 1949

Not only is the price-support status of eggs, chickens, and turkeys affected by the Agricultural Act of 1949, but parity computations for those commodities are changed by the legislation. The Act, passed by the 81st Congress in the closing days of its first session, was signed by the President on October 31, 1949.

Under the new Act the 1950 parity prices will be 5 percent lower for eggs, and 5 percent higher for chickens and turkeys, than they would be under the present system of parity computation. For chickens and turkeys, the 1950 parity prices will be about 5 percent higher than they would have been had Title II of the Agricultural Act of 1948 gone into effect. Parity prices of eggs will be unchanged since an identical transitional parity would apply under either the Agricultural Act of 1948 or 1949.

The 1949 Act amends Title II of the Act of 1948, which was to have become effective on January 1, 1950. So far as eggs and poultry are concerned, the substantial differences between (a) the current provisions (through December 1949), (b) the new measure, and (c) the superseded provisions, are as shown in table 3.

The computation of dollars and cents prices for eggs, chickens, and turkeys, as equivalents of any given percentage of parity, will probably be of less significance in determining 1950 supports than was true relative to past supports.1/ In current legislation, supports for eggs and poultry are specified at a given percent of parity, or within a relatively narrow range which is defined by parity standards.

1/ With the various economic indices at their November 1949 levels, illustrations of the prices as various percentages of new parity for eggs, chickens, and turkeys would be as given below. The actual prices (for eggs, seasonally adjusted) in November 1949, are also given below.

	Eggs per doz. Cents	Chickens per lb. Cents	Turkeys per lb. Cents
Prices received by farmers, November 1949	39.6	23.1	34.4
New parity at various levels			
100 percent	49.0	28.8	36.2
85 percent	41.6	24.5	30.8
70 percent	34.3	20.2	25.3
55 percent	27.0	15.8	19.9

In the legislation effective on January 1, 1950 price supports for eggs and poultry are permissive, not mandatory. The level of support if available is to be not more than 90 percent of parity. In determining the level at which prices shall be supported under possible Government programs, consideration must be given to 8 factors which are specified in the act as criteria for the determination of support levels. These 8 criteria, listed in Section 401 (b) Title IV of the Act, are:

"(1) The supply of the commodity in relation to the demand therefor,

"(2) The price levels at which other commodities are being supported........,

"(3) The availability of funds,

"(4) The perishability of the commodity,

"(5) The importance of the commodity to agriculture and the national economy,

"(6) The ability to dispose of stocks acquired through a price-support operation,

"(7) The need for offsetting temporary losses of export markets, and

"(8) The ability and willingness of producers to keep supplies in line with demand."

These 8 criteria are also pertinent to a determination as to whether or not price support shall be available.

To compute the parity price for 1950, the procedure will be first, to multiply (a) the adjusted base price for the commodity in question, by (b) the current index (1909-14=100) of prices paid by farmers, including interest, taxes, and wages of hired farm labor, and then to divide the product by 100. The result will be the parity price, on an annual basis. The derivation of the adjusted base price is shown in table 4. (As bases for parity computations, the adjusted base prices for the various commodities are in a sense comparable with the 1919-14 bases used in the present computations. Those bases are 21.5 cents per dozen for eggs, 11.4 cents per pound for chickens, and 14.4 cents per pound for turkeys.)

Table 3.- Eggs and poultry: Support levels and parity computations under Agricultural Acts of 1948 and 1949

Item	Current provisions	New provisions	Superseded provisions
Authority	Agricultural Act of 1948 (Public Law 897 80th Cong., 2nd Sess.) Title I	Agricultural Act of 1949 (Public Law 439 81st Cong., 1st Sess.)	Agricultural Act of 1948 (Public Law 897 80th Cong., 2nd Sess.) Title II
Period of Application	Through Dec. 1949	Beginning Jan. 1, 1950	Superseded; to have begun Jan. 1, 1950
Support levels for:			
Eggs	90% of parity	0-90% of parity	0-90% of parity 1/
Chickens	90% of parity		
Turkeys	60-90% of parity		
Bases for parity computation			
a. Base price	August 1909-July 1914 average	The higher of: (a) adjusted base price", consisting of average farm price of the given commodity for the 10 calendar years just past, divided by the index of prices received by farmers, or (b) a variant of the 1909-14 price, as a basis for "transitional parity" 2/	
b. Parity index	Index of prices paid by farmers, including interest and taxes, 1910-14=100	Index of prices paid by farmers, including interest, taxes, and wages paid hired farm labor, 1910-14=100	Index of prices paid by farmers, including interest and taxes, 1910-14=100

1/ Support for other kinds of poultry was required if either chickens or turkeys were to have been supported.

2/ When calculated on the new basis, the parity price for eggs, chickens, and turkeys may not fall short of parity as computed on the old (current) basis by more than 5 percent in the first year the new method is used, 10 percent in the second year, 15 percent in the third year, and so on. In any year when parity as computed by the new method falls short of the old parity by more than the indicated margin, the new parity is not used, and a transitional parity is substituted, applying to the specific commodity for the year in question. For the first year under the new Act, wherever applicable the transitional parity will be 95 percent of parity as it would have been computed by the old (current) formula, for the second year 90 percent, and so on. The transitional parity will apply for eggs in 1950.

Table 4.- Prices received by farmers for eggs, chickens and turkeys, relative to the general level of prices received by farmers, 1939-48, and example of derivation of adjusted base prices for parity computation

Year	Prices received by farmers for all commodities 1/ (Aug. 1909-July 1914=100)	Average prices received by farmers for poultry products			Average price received by farmers for poultry products, divided by index of prices received for all commodities 1/		
		Eggs, per dozen	Chickens, per pound	Turkeys, per pound	Eggs, per dozen	Chickens, per pound	Turkeys, per pound
	Percent	Cents	Cents	Cents	Cents	Cents	Cents
				a. Annual averages			
1939	95	18.4	13.4	16.0	19.4	14.1	16.8
1940	100	19.1	13.1	14.0	19.1	13.1	14.0
1941	124	25.0	15.6	16.8	20.2	12.6	13.5
1942	159	31.4	18.8	21.6	19.7	11.8	13.6
1943	193	38.7	24.4	29.6	20.1	12.6	15.3
1944	198	33.8	23.9	31.6	17.1	12.1	16.0
1945	207	39.0	25.8	33.3	18.8	12.5	16.1
1946	236	39.2	26.8	33.4	16.6	11.4	14.2
1947	278	46.4	26.7	31.8	16.7	9.6	11.4
1948	287	48.0	29.4	41.1	16.7	10.2	14.3
				b. 10-year average			
Average 1939-48 2/	188	33.9	21.8	26.9	18.0	11.6	14.3

1/ Including allowance for wartime subsidy payments.

2/ If this average were based on 1940-49 instead of 1939-48, the entries in the last three columns would be the adjusted base prices for the specified commodities.

To compare monthly prices for eggs (but not for chickens or turkeys) to parity there is an additional step, on account of the seasonal adjustment which is stipulated for the expression of monthly egg prices in parity terms. This step is to divide the monthly farm price of eggs by the appropriate one of the factors given below, and to multiply by 100, to derive the seasonally adjusted monthly price for eggs, which adjusted price can then be compared with the parity price. The factors so far announced for 1950 are:

January	103	April	85
February	91	May	86
March	88	June	89

Factors for 12 months after June 1950 will be announced in the June issue of Agricultural Prices.

With the passage of time, parity computations under the new method will be affected by the fact that data for new years are added to the period determining the adjusted base price, and data for years a decade past are dropped. This is because the adjusted base price is based on the average of the 10 most recent calendar years. The process of continually revising the adjusted base price by dropping past years in favor of recent years is likely to gradually reduce the adjusted base prices of eggs, chickens, and turkeys for the next few years, unless there is a noteworthy change, not now expected, in the price of poultry products relative to other products sold by farmers. This is demonstrated in table 4. In the table, it is shown that in the years 1940-44 the prices of eggs, chickens, and turkeys stood relatively high in comparison with the general level of prices received by farmers. In 1946-48, and to date in 1949, they stand considerably lower. The relationship for 1950 and possibly for following years is not likely to be much more favorable than 1949, from the point of view of poultrymen. Therefore, as time goes on, the most favorable years in the 10-year adjusted base price are likely to be supplanted by years of relatively less favorable egg and poultry prices, and the adjusted base price for poultry products is likely to decline. The method of computing the adjusted base price is illustrated in the lower section of table 4.

Table 5.- Supply and disposition of dried egg bought for price-support January-October, 1949 1/

Item	Quantity
	Millions of pounds
Supply	
CCC inventory, January 1, 1949	24.2
Net purchases, January through October, 1949	58.9
Total	83.1
Disposition	
Under ECA programs, with Section 32 supplement	
To the United Kingdom and Belgium	6.2
To Western Germany	.9
Under U. S. Army programs, with Section 32 supplement, to Western Germany	.6
To Section 32 operations for domestic distribution, including school lunches	2/10.7
To U. S. Army, and to International Refugee Organization, for relief feeding	.2
Commercial sales for export and domestic non-food uses	1.1
CCC supply beyond scheduled dispositions itemized above	63.4
Total	83.1

1/ This table brings up to date an earlier table which was printed on page 11 of the May-June 1949 issue of the Poultry and Egg Situation. The earlier table was accompanied by a description of the terms of transfer to each of the outlets. 2/ Of these 10.7 million pounds, about 8 million pounds remained in Section 32 inventory at the end of October.

Table 6.- Commercial storage stocks of eggs, and U. S. Department of Agriculture purchases, as a percentage of January-July production, 1925-49

(Data for cover chart)

Year	Commercial storage stocks, August 1			USDA purchases	Farm egg production	As a percentage of Jan.-July producti				
						August 1 storage stocks			USDA purchases	Storag stocks and US purchas
	Shell	Frozen	Shell and frozen	January-July	January-July	Shell	Frozen	Shell and frozen		
	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent
1925	9.5	1.2	10.7		71.1	13.3	1.7	15.0		
1926	9.1	1.4	10.5		75.7	12.0	1.9	13.9		
1927	10.6	2.3	12.9		79.6	13.3	2.9	16.2		
1928	10.0	2.3	12.3		78.5	12.7	2.9	15.6		
1929	8.5	2.5	11.0		76.9	11.1	3.2	14.3		
1930	10.7	3.2	13.9		79.9	13.4	4.0	17.4		
1931	9.5	3.1	12.6		77.4	12.3	4.0	16.3		
1932	6.3	2.7	9.0		74.1	8.5	3.6	12.1		
1933	9.4	3.0	12.4		73.0	12.9	4.1	17.0		
1934	9.0	3.3	12.3	0.2	70.8	12.7	4.7	17.4	0.3	17.7
1935	7.6	3.1	10.7	---	66.7	11.4	4.6	16.0	---	16.0
1936	7.1	3.1	10.2	1/	69.0	10.3	4.5	14.8	2/	14.8
1937	8.5	4.4	12.9	0.3	74.6	11.4	5.9	17.3	0.4	17.7
1938	6.3	3.6	9.9	1/	73.4	8.6	4.9	13.5	2/	13.5
1939	7.0	3.8	10.8	0.2	76.0	9.2	5.0	14.2	0.3	14.5
1940	7.5	4.1	11.6	2.2	77.0	9.8	5.3	15.1	2.9	18.0
1941	6.4	5.2	11.6	3/3.9	79.5	8.1	6.5	14.6	4.9	19.5
1942	7.9	7.7	15.6	3/18.4	93.0	8.5	8.3	16.8	19.8	36.6
1943	8.9	9.4	18.3	11.0	106.0	8.4	8.9	17.3	10.4	27.7
1944	11.3	10.4	21.7	23.1	114.0	9.9	9.1	19.0	20.3	39.3
1945	6.1	6.6	12.7	3.5	107.9	5.7	6.1	11.8	3.2	15.0
1946	9.9	6.9	16.8	7.6	107.1	9.2	6.5	15.7	7.1	22.8
1947	4.2	6.4	10.6	9.1	104.6	4.0	6.1	10.1	8.7	18.8
1948	5.5	6.9	12.4	1.5	102.2	5.4	6.7	12.1	1.5	13.6
1949	1.9	4.5	6.4	5.3	102.0	1.9	4.4	6.3	5.2	11.5

1/ Less than 50,000 cases.

2/ Less than 0.05 percent.

3/ Estimated from calendar-year total.

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Table 7.- Eggs: Open contracts in 1949 October future on Chicago Mercantile Exchange; and volume of storage stocks, Chicago, North Central States and U. S., selected dates, 1949

Date	Open contracts for October delivery outstanding at close of trading		Reported Storage Stocks 1/		
			Chicago 2/	North Central States 3/	United States 3/
1949	Contracts	Cases	Cases	Cases	Cases
July 1	2,812	1,349,760	400,788	923,000	2,316,000
August 1	2,691	1,291,680	337,375	913,000	2,123,000
September 1	2,462	1,181,760	255,700	628,000	1,450,000
September 15	1,899	911,520	180,192		
October 1	4/1,573	4/ 755,040	4/130,174	319,000	818,000
October 10	1,241	595,680	116,175		
October 17	968	464,640	102,865		
October 24	34	16,320	91,345		
November 1	---	---	81,510	186,000	497,000

1/ There are no reports indicating the proportion of the stored stocks which would meet the delivery requirements of the Chicago Mercantile Exchange.
2/ Market News Service, Production and Marketing Administration.
3/ Monthly Cold Storage Report.
4/ October 3.